Industrial Distribution

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Hotline:
Reagan-Bush vs. Mondale-Ferraro
It's no contest say distributors

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MS. JEANNE LONG/SRI AQUIS
CONGRESSIONAL INFORMATION SERVICE/EDITOR
4250 EAST-WEST HIGHWAY 3
BETHESDA MA 20814

THE PAYOFF IN BRANCHES

POWER TRANSMISSION SHOWCASE
(PULL-OUT SECTION)

Industrial Distribution

George J. Berkwitt, chief editor
875 Third Ave., New York, NY 10022
(212) 605-9541

Milt Ellenbogen, managing editor
Douglas C. Harper, senior editor
William F. Kelley, associate editor
Mark D. Pellis, associate editor
Rose Fritsch, assistant editor
Richard Turney, Washington

Linda Rossi-Costa, design director

Joseph Zaccaria, circulation manager
Stanley DeForge, sales promotion mgr.
Laurie Schnepf, market research director
Lonnie Simpson, administrative asst.

Michal T. Winter, production manager
(212) 605-9637

Kerry J. Cannon, publisher

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INDUSTRY NEWS...

several years.

The steering committee feels that the timing is right for an affiliation of hose distributors. "The broad area of concerns that distributors have on their agenda can best be addressed through a trade group," Murphy said.

Among the advantages described by the pioneer group to members of the industry are the sharing of methodology, new group insurance programs, technical and standards committee action, training techniques, shop procedures and other common interests and concerns.

Additional information about the new association may be obtained from National Assn. Hose & Accessories Distributors, c/o Ralph Cox, vice president, The Premier Co., P.O. Box 1333, Houston, TX 77001. □

Donald H. Hyland retires from Harrington Hoists

MANHEIM, PA—Donald D. Hyland, CEO and president of Harrington Hoists, Inc., a manufacturer and marketer of chain hoists and overhead crane systems headquartered here, has retired after serving with the Arbee Corp., Harrington's parent company, since 1967.

Hyland was succeeded by Perry M. Saunders who joined Harrington last year as vice president of operations. At the same time, Frederick W. Tugend was named vice president. He will continue to serve as general sales manager, a position he assumed when he joined Harrington in 1981. □

ASMMA survey gives distributor sales demographics

CLEVELAND—American Supply & Machinery Manufacturers' Assn's. 32nd edition of *Sales Through Industrial Distributors* has been published. Based on 1983 sales data, the survey reports sales by state, county, metropolitan area and Canadian province.

Copies are available to non-members for $100 and may be obtained by writing ASMMA, 1230 Keith Building, Cleveland, OH 44115.

The following is a listing of the top 25 major metropolitan trading areas as reported in the ASMMA survey:

Listing of top 25 major metropolitan trading areas by rank

		Percent of U.S.		
		1983	1982	1981
1.	Los Angeles—Long Beach—Anaheim Consolidated Area	5.21	5.47	5.31
2.	New York—Newark—Jersey City—Bridgeport Consolidated Area	4.83	4.96	4.42
3.	Chicago—Gary Consolidated Area	4.74	4.81	4.56
4.	Detroit—Ann Arbor Consolidated Area	3.04	2.59	2.61
5.	Houston—Galveston Consolidated Area	2.64	3.90	4.86
6.	Dallas—Fort Worth, Texas	2.59	2.98	2.78
7.	Philadelphia—Wilmington—Trenton Consolidated Area	2.45	2.51	2.22
8.	Cleveland—Akron—Lorain Consolidated Area	2.32	2.25	2.33
9.	San Francisco—Oakland—San Jose Consolidated Area	2.26	2.18	1.95
10.	Atlanta, Georgia	1.77	1.44	1.40
11.	Boston—Lowell—Brockton—Lawrence—Haverhill, Massachusetts	1.68	1.53	1.42
12.	Pittsburgh, Pennsylvania	1.53	1.69	1.86
13.	Minneapolis—St. Paul, Minnesota	1.46	1.42	1.39
14.	St. Louis, Missouri	1.40	1.49	1.58
15.	Milwaukee—Racine Consolidated Area	1.31	1.21	1.40
16.	Seattle—Tacoma Consolidated Area	1.21	1.28	1.46
17.	Birmingham, Alabama	1.10	1.15	1.16
18.	Kansas City, Missouri	1.03	1.04	1.05
19.	Denver—Boulder, Colorado	1.01	1.09	1.12
20.	Indianapolis, Indiana	.97	.76	.87
21.	Cincinnati—Hamilton Consolidated Area	.96	.94	.97
22.	Charlotte—Gastonia, North Carolina	.94	.75	.77
23.	Portland, Oregon	.90	.87	.86
24.	New Orleans, Louisiana	.87	1.11	1.19
25.	Baltimore, Maryland	.79	.79	.74

Indicators . . .

Two of the three key indicators showed an increase this month as the economy demonstrates continuing vigor. The *NIDA-SIDA Industrial Distribution Index* continued its upward trend which began in January of 1983, hitting 134.1 in July, a full point above June. Reversing a May/June drop, the Index stands at its second highest level in 27 months. Regionally, a loss of 1.5 in the midwest was more than compensated for by an 8.6 increase in the west . . . The *SIDA Monthly Sales Trend Report* for June increased 1.72 over May for an 11.99 improvement over June '83. Broken down by geographic area, AL, KY, MS, TN, AR, LA, OK, and TX which comprise SIDA areas three and four showed drops from May while the remainder gained . . . The major disappointment in this month's economic news is the *ASMMA New Order Index* which declined 3.6 points to 119.1 in June for a 2.9% loss. Excluding 1984 figures, however, the last time the index exceeded its current figure was October of 1981 . . . Reflecting further optimism about the future, the American Machine Tool Distributors' Assn. *Distributor New Order Index* rose to its highest level in 30 months reaching 75.5 for June, a 14% increase over May. The *Distributors' New Orders Trend* climbed in June to an index figure of 63.0, a 41% improvement over June '83 . . . the National Wholesale Hardware Association's *Hardware Sales Index* rose to 114.8 in July, a 2.7 increase over the June figures. Regionally, the northeast and east central states registered declines in July while the remainder increased . . . According to the National Welding Supply Association, its *Welding Supply Index* showed a drop of 11 points in June to 170.6 from the May all-time record of 181.6. Despite this drop, the Index stands 18.4 points higher than June '83 and up 20.5% from the beginning of the year . . . The National Association of Aluminum Distributors says its *Quick Pulse Index* of aluminum distributor shipments showed a drop of 7.4% in June to 126.8 from a level of 136.9 in May, representing the third decline in six months. At the same time, inventories increased by an almost imperceptible 0.1 in June to 124.3 . . .

REGIONAL REPORT

Sales gains increase in July

After a soft June, another uptrend was recorded in July's year-to-year comparisons.

A gain of 29%, or only a few percentage points below the February record high, includes healthy gains in every region and area reporting. Upstate New York heads the list with a gain of 38% followed by New England, up 37%, and West South Central, up 32%. The smallest gain was 14% from the Oregon-Washington area.

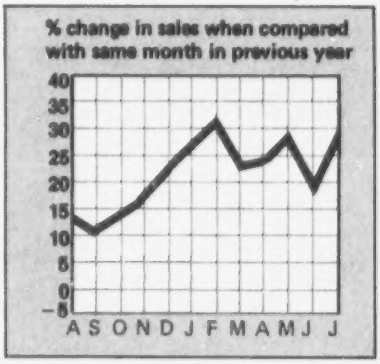
In cumulative reporting, the first seven months of 1984 compare very favorably with the 1983 figures. The East North Central region shows the strongest recovery figures, up 37%, with Wisconsin and Ohio registering sharp gains of 38% and 27%, respectively. The weakest area was Oregon-Washington, which still reported a good gain of 16%.

Month-to-month reporting continues to be weak, with only one region and one area showing gains. West North Central was up 2% in regional reporting, and the Upstate New York area gained 1%. The Pacific region was down 9% in July, while the Pennsylvania area declined 18%. Although these figures indicate monthly drops in sales, their yearly comparative figures are still strong and show little, if any, correlation of a softening trend. However, if monthly comparisons continue to be negative, yearly comparisons should begin to flatten as you cannot have both prolonged monthly sales drops and continued yearly sales increases.

Receivables continue to hold steady nationally in the low-forties area. □

RECEIVABLES*	July '84 Gen.	July '84 Spec.	July '83 Gen.	July '83 Spec.
New England	40	46	47	44
Middle Atlantic	48	44	46	44
South Atlantic	35	35	37	37
East North Central	40	40	40	44
East South Central	—	41	—	35
West North Central	—	39	—	40
West South Central	—	42	—	43
Mountain	—	—	—	—
Pacific	43	40	45	41
National	41	41	43	41

*Average days outstanding



July sales near new high . . .

SALES BY REGIONS (% change)	July '84 vs June '84 Gen.	Spec.	Both	July '84 vs July '83 Gen.	Spec.	Both	1st 7 mos. '84 vs 1st 7 mos. '83 Gen.	Spec.	Both
NEW ENGLAND: CT, RI, MA, NH, VT, ME	−5	−11	−6	+42	+18	+37	+24	+13	+22
Connecticut	—	—	—	—	—	—	—	—	—
Massachusetts	−9	—	—	+38	—	—	+21	—	—
MIDDLE ATLANTIC: NY, NJ, PA	−4	−10	−8	+29	+29	+29	+18	+26	+23
New York Metropolitan Area	—	—	—	—	—	—	—	—	—
Upstate New York	−2	+6	+1	+34	+45	+38	+23	+27	+25
Pennsylvania	−21	−14	−18	+12	+35	+19	+22	+25	+23
SOUTH ATLANTIC: DE, DC, MD, FL, GA, NC,	−6	−2	−5	+32	+24	+28	+27	+16	+23
SC, VA, WV	—	—	—	—	—	—	—	—	—
Georgia-Florida	−16	−3	−9	+23	+30	+27	+30	+23	+26
EAST NORTH CENTRAL: OH, IN, IL, MI, WI	−5	−12	−8	+32	+38	+34	+32	+45	+37
Indiana	—	—	—	—	—	—	—	—	—
Wisconsin	−9	−14	−12	+15	+30	+25	+18	+50	+38
Chicago	—	—	—	—	—	—	—	—	—
Michigan	0	−25	−16	+24	—	—	+29	—	—
Ohio	−11	−11	−11	+26	−8	+23	+26	+32	+27
EAST SOUTH CENTRAL: AL, MS, KY, TN	—	+4	—	—	+28	—	—	+28	—
WEST NORTH CENTRAL: MN, ND, SD, IA, NE, KS, MO	−5	+3	+2	−6	+24	+19	−5	+24	+19
WEST SOUTH CENTRAL: AK, LA, OK, TX	−10	−5	−7	+38	+28	+32	—	+20	—
Texas	—	—	—	—	—	—	—	—	—
MOUNTAIN: NM, AZ, CO, UT, NV, WY, MT, ID	—	—	—	—	—	—	—	—	—
PACIFIC: CA, OR, WA	−3	−17	−9	+28	+9	+23	+20	+20	+20
L.A.-San Diego	−2	—	—	+3	—	—	+4	—	—
Oregon-Washington	−2	−21	−11	+29	0	+14	+19	+13	+16
U.S. TOTALS	−3	−8	−5	+31	+26	+29	+25	+26	+26

ID's QUARTERLY INFLATION INDEX

The *Silver/ID Inflation Index* rose at an annual rate of only 1.0% for the second quarter of 1984, a sharp drop from the 4.4% annual rate based on the first quarter. Of the 33 commodity groups in our index, 16 went up, 14 went down, and 3 were unchanged. In the first quarter 29 of the BLS group indexes went up and only 4 went down. However, this sharp drop is not surprising, in view of the fact that the Bureau of Labor Statistics (BLS) *Producers' Price Index* (PPI) for industrial commodities showed a similar reversal of inflation trends, as did its index of finished goods.

Paradoxically, the *NIDA/SIDA index* of 10 commodity groups, which rose at an annual rate of only 2.0% for the first quarter, rose at an annual rate of 4.8% for this second quarter. Experience suggests that these short run differences between the two indexes cancel out in the long run. Industrial safety equipment, which is not included in the *NIDA/SIDA index*, dropped 6.9% for this second quarter, an artificially high annual rate of decline of 27.6%, which tends to distort our index.

For the first six months the *Silver/ID index* rose at an annual rate of 2.6%, while the *NIDA/SIDA index* rose 3.4%. We now forecast an inflation rate of about 3.0% for 1984, but would not be surprised if turned out to be only 2.0%.

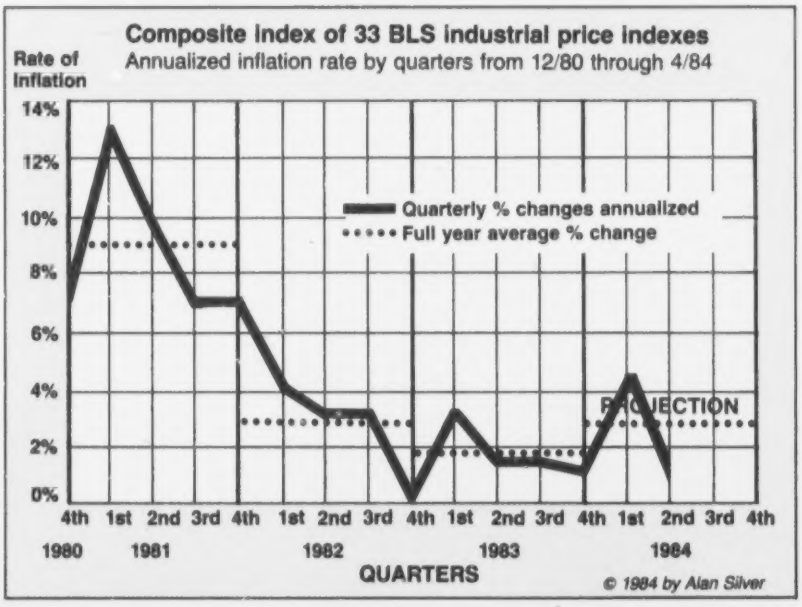
In our commentary on the first quarter inflation index (***ID***, July 1984) we predicted that the 4.4% inflation rate of our index would be sustained for the rest of the year. In the concluding paragraph of the article we pointed out how little confidence can be placed in the forecasts of even such experts as Milton Friedman and John Kenneth Galbraith because of the number of imponderables always present. We did not expect that our thesis would be so quickly vindicated by how far off our own forecast would turn out to be, based on the second quarter figures!

Compiled by Alan Silver Associates, Inc., Highland Park, NJ

Table 1—Comparing inflation indexes

	*BLS inflation rates (%)			
	Current qtr 6/84 vs 3/84 annualized	Year-to-date 6/84 vs 12/83 annualized	6/84 vs 6/83	12/83 vs 12/82
Silver/*ID* index of 33 industrial product groups	1.0%	2.0%	2.1%	2.0%
NIDA/SIDA index of 10 industrial product groups	4.8%	3.5%	2.4%	1.7%
**PPI index of industrial commodities	2.4%	3.4%	2.7%	1.1%
Avg. of above indexes	2.7%	3.0%	2.4%	1.6%
**PPI index of finished goods (indl/agric)	– 0.8%	2.8%	2.2%	0.7%
Silver/Wholesaler index of 13 lines (plmgb/htng)	3.0%	5.1%	3.7%	4.0%
Electrical Marketing index of 24 product groups	5.6%	5.6%	3.9%	4.2%
***NAED inflation index: 16 product groups	3.2%	4.8%	4.4%	6.6%
Consumer Price Index	4.4%	4.8%	4.2%	3.8%

*Bureau of Labor Statistics (1967 = 100)
**Producers Price Index (formerly Wholesale Price index)
***National Assn. of Electrical Distributors (non-BLS) (1973 = 100)
NOTE: All figures are based on BLS unadjusted indexes unless otherwise noted. For the first quarter of each year, the first two columns of figures will be alike. For all other quarters, the first column will be the last quarter annualized, and the second column of figures will be current year-to-date annualized. Upcoming reports will follow the above format.



Alan Silver, author, lecturer and president of the firm bearing his name is a noted authority on LIFO, FIFO and other aspects of the legislative and financial side of inventory management. He has written countless articles for *ID* and other publications. They have been collected and are available as reprints. For a list of his published and unpublished articles, write Alan Silver & Associates, 168 Woodbridge Ave., Highland Park, NJ 08904 (201 572-2300).

ID's QUARTERLY INFLATION INDEX

Table 2—ID quarterly inflation index (1967 = 100 except where otherwise indicated)

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Product category	Current qtr 6/84	Previous qtr 3/84	% inflation	Current qtr. annualized %	Year-to-date 6/84 vs 12/83 %	Year-to-date 6/84 vs 12/83 annualized %	Last 12 months	4th qtr 83	4th qtr 82	Annual inflation 83 %
**Industrial oil	372.7	372.3	0.1	0.4	0.0	0.0	1.1	371.7	372.9	−0.3
Prepared paint	270.8	267.3	1.3	5.2	2.2	4.4	2.2	264.9	265.1	−0.1
*Rubber belts & belting	352.3	334.5	5.3	21.2	5.4	10.3	6.6	334.1	328.1	1.8
Other misc. rubber products	295.9	306.6	−3.5	−14.0	−0.8	−1.6	−2.2	298.2	294.3	1.3
Plastic construction products	173.0	166.3	4.0	16.0	1.6	3.2	16.0	170.2	153.1	11.2
Semi-finished steel products	371.6	372.9	−0.3	−1.2	0.4	0.8	0.5	370.0	368.7	0.4
Wire & cable	203.4	204.6	−0.6	−2.4	0.9	1.8	−1.0	201.5	198.1	1.7
****Electric wire & cable	103.6	103.7	−0.1	−0.4	0.4	0.8	1.6	103.2	100.0	3.2
****Building wire & cable	101.7	103.7	−1.9	−7.6	−3.1	−6.2	−6.8	104.9	100.0	4.9
Builders hardware	296.8	294.8	0.7	2.8	2.1	4.2	3.2	290.7	272.6	6.6
*Hand tools	357.0	356.0	0.3	1.2	1.7	3.4	3.5	351.0	342.1	2.6
*Misc. metal products	294.5	292.7	0.6	2.4	1.8	3.6	2.5	289.3	288.7	0.2
***Industrial safety eq.	134.2	134.1	0.1	0.4	0.5	1.0	0.8	133.5	130.6	2.2
*Bolts, nuts, screws & rivets (fasteners)	282.2	274.4	2.8	11.2	3.9	7.8	5.8	271.7	270.0	0.6
*Power-drive hand tools	221.0	223.0	−0.9	−3.6	0.0	0.0	0.0	220.9	221.6	−0.3
Welding machines & eq.	281.2	279.0	0.8	3.2	2.9	5.8	3.1	273.2	273.1	0.04
*Cutting tools & accessories	277.9	278.3	−0.1	−0.4	0.8	1.6	0.7	275.8	272.1	1.4
Precision measuring tools	253.3	253.0	0.1	0.4	3.6	7.2	2.8	244.4	241.5	1.2
*Abrasive products	310.4	310.0	0.1	0.4	1.7	3.4	1.1	305.2	298.4	2.3
Metal cutting machine tools	383.3	383.6	−0.1	−0.4	1.1	2.2	1.4	379.3	372.7	1.8
Metal forming machine tools	424.1	421.1	0.7	2.8	0.4	0.8	2.0	422.6	411.8	2.6
Pumps, compressors & eq.	349.4	349.3	0.0	0.0	0.9	1.8	0.6	346.3	348.2	−0.5
Fluid power eq.	258.7	257.4	0.5	2.0	1.7	3.4	2.1	254.3	248.9	2.2
*Industrial material handling eq.	288.7	287.6	0.4	1.6	0.8	1.6	1.3	286.5	286.9	−0.1
*Mechanical power transmission eq.	323.8	322.9	0.3	1.2	1.1	2.2	2.6	320.4	312.0	2.7
*Metal valves, (except fluid power)	102.0	101.8	0.2	0.8	1.9	3.8	1.8	100.1	100.0	0.1
*Metal pipe fittings	105.6	106.8	−1.1	−4.4	2.2	4.4	3.9	103.3	100.0	3.3
Ball & roller bearings	337.9	338.8	−0.3	−1.2	1.4	2.8	2.2	333.2	335.3	−0.6
Plain bearings	264.4	264.7	−0.1	−0.4	1.7	3.4	0.3	260.0	257.0	1.2
Wiring devices	356.5	350.5	1.7	6.8	4.3	8.6	5.8	341.9	327.8	4.3
Electrical instruments	229.1	229.6	−0.2	−0.8	−16.6	−33.2	−15.7	274.8	261.9	4.9
*****Electric motors	104.1	104.1	0.0	0.0	0.0	0.0	0.0	—	298.8	—
Generators & generator sets	101.7	101.7	0.0	0.0	0.0	0.0	0.0	—	331.1	—
*NIDA/SIDA composite	304.3	300.7	1.2	4.8	1.7	3.4	2.4	299.1	294.2	1.7
Silver/ID composite	294.7	294.0	0.2	0.8	1.3	2.6	2.0	290.8	285.2	2.0

*Included in NIDA/SIDA composite

** 12/73=100 *** 6/78=100 **** 12/82=100 ***** 6/83=100

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